



STATE OF DELAWARE

DELAWARE HEALTH AND SOCIAL SERVICES
DIVISION OF MEDICAID & MEDICAL ASSISTANCE

POLICY, PLANNING & QUALITY
MEMORANDUM

REPLY TO
ATTN. OF: Administrative Notice DMMA A-12-2021

TO: All DMMA and DSS Staff

DATE: April 14, 2021

SUBJECT: Financial Eligibility-Application of Modified Adjusted Gross Income (MAGI) Methodology

******Administrative Notice DMMA A-08-2015 originally issued on March 30, 2015, is being reissued as a result of common errors found during the most recent MEQC and PERM Audits.***

BACKGROUND

The Affordable Care Act (ACA) was signed into law on March 23, 2010. Under the ACA, health reform will make health care more affordable, guarantee choices when purchasing health insurance, expand Medicaid coverage to millions of low-income Americans and make numerous improvements to both Medicaid and the Children's Health Insurance Program (CHIP).

DISCUSSION

During the most recent MEQC and PERM Audits, there were common errors found related to the disposition of applications. The ACA changed how financial eligibility is determined for most Medicaid groups other than long term care and for the Delaware Healthy Children Program. The MAGI-based methodology will largely align financial eligibility determinations with the rules used to determine eligibility for advance payments of premium tax credits (APTC) and cost-sharing reductions (CSR) through the Federally Facilitated Marketplace (FFM).

The MAGI-based methodology replaced various income disregards with a standard 5% income disregard. An amount equivalent to 5% of the Federal Poverty Level (FPL) for the applicable family size is deducted from household income.

Examples of counted and excluded income and allowable deductions from taxable income are included in the sections of the policy manual listed below.

ACTION REQUIRED

Staff who process eligibility determinations for Medicaid and the Delaware Healthy Children Program must review and apply the financial eligibility policy in the following sections to ensure compliance with Federal and State regulations.

DSSM [16500](#) *MAGI-based Income*

DSSM [16500.1](#) *Counted Income*

DSSM [16500.2](#) *Excluded Income*

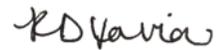
DSSM [16500.3](#) *Deductions*

DSSM [16600](#) *Income Disregard*

DIRECT INQUIRIES TO

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April 14, 2021
DATE



Kimberly Xavier, Chief
Planning & Policy
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